

SECRET EYES ONLY

DD/S 68-2346


8 May 1968

MEMORANDUM FOR: Executive Director-Comptroller
Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science and Technology
General Counsel
Inspector General
Director of Personnel

SUBJECT : Agenda for Meeting at 2 p.m. on Thursday, 9 May,
in the DCI Conference Room

REFERENCE : Memo dtd 7 May 68 for Adses fr ExDir-Compt, same
subj

1. For the meeting on Thursday there is attached an outline of several
Early Retirement incentives that are suggested for consideration.


R. L. Bannister
Deputy Director
for Support

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1. Civilian Reserve Program

One of the incentives to early retirement which is under study is a paid civilian reserve corps. There are two considerations: first, as a system to provide manpower in an emergency and second, as a system for encouraging early retirement. The first can probably be legally supported because it provides a pool of selected former employees with specialized training and experience compensated for obligating themselves to serve upon the call of the Agency.

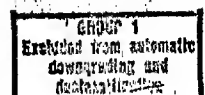
However, when we look at the legality of a paid reserve as an incentive to early retirement, the Office of General Counsel has already identified certain guidelines which restrict the full realization of this approach. The two most significant of these are that (1) former employment rather than retired status should be the participation criterion and (2) age for participation should be the same whether the individual is under the Agency's Retirement System or Civil Service Retirement.

It has been suggested that membership be on a selective basis and limited to a three-year period with compensation on a descending scale based generally on prior salary and length of service. The selective feature of participation could possibly be applied to overcome the first restriction noted above. But the second restriction seriously impairs the retirement incentive aspect of the program. A maximum age of 63 would be required to make this program meaningful to the Civil Service retiree leaving at age 60 but it would also provide an unnecessary incentive and an unwarranted benefit to the CIA retiree who is mandatorily retired at age 60. On the other hand, a maximum age of 60 would provide an early retirement incentive for the CIA retirees, but would be of little value for Civil Service retirees except the handful who would qualify for optional retirement between ages 55 and 59 based on 30 years of service.

2. Trial Retirement

Another proposed retirement incentive program is "Retirement with Re-employment Rights" or "Trial Retirement." The Department of Agriculture experimented with such a program on a one-year basis with great success. Under this plan, employees who are eligible for optional retirement under either CIARDS or CSRS and are in the age group 55 through 57 would be offered the opportunity to retire with re-employment rights. Employees electing this option must either return to duty 365 days after retirement or remain in full retirement. Of the small group currently eligible for this option (approximately 160), a percentage should be encouraged to advance their retirement dates with the assurance that they can return to duty if their post-retirement plans are unsuccessful. The prospects that employees electing this option will remain retired appear to be optimistic.

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3. Maintaining High Quality Level of Personnel

The importance of staffing the Agency with the most competent people has already been stated many times. We have rigorous selection procedures to identify those people who are "most likely to succeed" in the Agency and formal procedures for reviewing the effectiveness and suitability of new employees after their first and third years of service. But we have not developed and applied adequate procedures for the periodic evaluation of personnel to identify those who over the years do not maintain an entirely satisfactory level of competence and for taking appropriate remedial action.

The proposal being made is that the Director of Central Intelligence direct greater use of existing Career Service mechanisms to ensure at least annual competitive evaluation of personnel to identify those who are less than effective ("negative evaluation"). Remedial actions may range from training or reassignment to some form of retirement (including disability retirement) to downgrading or involuntary separation. The simpler corrective actions are within the purview of the Career Service. Our existing regulations provide appropriate administrative machinery for the more drastic actions and, with careful application, have usually proved effective in accomplishing the desired result without resorting to the formal exercise of the Director's authorities.

4. Separation Compensation

Individuals separated involuntarily or who resign or retire in lieu of involuntary separation may be entitled to financial benefits. Generally, employees under the CIARDS or CSRS who have 20 years of Federal service and are at least age 50 or who have 25 years of Federal service at any age may receive an immediate annuity. The CIA retiree receives his full earned annuity while the CSRS retiree's annuity is reduced two percent per year for each year he is under age 55. We also have in draft a proposed regulation adopting general legislation (PL 89-301) which permits severance pay on a formula based on age and years of service to individuals who are involuntarily separated or resign in lieu thereof. Briefly, the formula provides for one week's pay for each year of service up to ten years and two weeks' pay for each year thereafter. There is an additional 10% paid for each year the individual's age exceeds forty.

*Urge people be permitted to apply for -
if found to be advantageous to service could
get after separation -*

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